

Current Support Brief

CIA/RR CB 62-75

No. Pages 3 19 November 1962

SHARP DECLINE IN CAPITAL INVESTMENT
IN SOVIET CONSUMER INDUSTRIES



CENTRAL INTELLIGENCE AGENCY Office of Research and Reports

CONFIDENTIAL

GROUP 1
Excluded from automatic
downgrading and
declassification

Approved For Release 2000/06/07 : CIA-RDP79T01003A001400050001-0

WARNING

This material contains information affecting the National Defense of the United States within the meaning of the espionage laws, Title 18, USC, Secs. 793 and 794, the transmission or revelation of which in any manner to an unauthorized person is prohibited by law.

C-O-N-F-I-D-E-N-T-I-A-L

SHARP DECLINE IN CAPITAL INVESTMENT IN SOVIET CONSUMER INDUSTRIES

Annual capital investment in Soviet consumer industries in 1961 showed a decline from the investment level of 1960 as reported in the latest Soviet statistical handbook just released. 1/ Investment in consumer industries decreased 9.8 percent, including a 1.5-percent decline in investment in light industry and a 14.4-percent decline in the food industry. These data reflect the total investment both from centralized state funds and from noncentralized sources such as enterprise funds and other local sources. Cutbacks presumably are in the noncentralized portion of investment inasmuch as some increase in the centralized investment had already been reported.

Looking at the broader picture, investments in Group B industries (those industries producing goods for consumption, light industry and the food industry) had increased slightly in recent years relative to the much larger investment in Group A, the heavy industries. As a percentage of total investment in industry, Group B had grown from 11.8 percent of total investment in 1956 to 13.5 percent in 1960. In 1961, however, the percentage of Group B fell to 11.7 percent of total investment, or a level slightly below that in 1956. The indexes given below show these changes in the investment pattern for the period 1956-60, which reflected a trend favorable to consumption, followed by a marked shift in the pattern in 1961, which is less favorable to consumers. The possible change in allocation of resources that is suggested by these investment data would tend to substantiate the theory -- which emerged at the time of the 22nd Party Congress in October 1961 -- that Khrushchev's consumer welfare program had suffered a real setback.

Page 1

19 November 1962

CIA/RR CB 62-75

C-O-N-F-I-D-E-N-T-I-A-L

C-O-N-F-I-D-E-N-T-I-A-L

Trends in Capital Investment 1956-61

1956 = 100

<u>Year</u>	Group A Industry	Group B Industry	Light Industry	Food Industry
1956	100	100	100	100
1957	105	107	110	104
1958	117	130	140	124
1959	135	151	141	158
1960	149	173	153	186
1961	158	156	150	160

These restrictions in investment in the consumer industries, when added to problems already faced by these industries, point to bleak prospects for the eager Soviet consumer who had come to expect continuing improvements in supplies of consumer goods. The rate of growth in light industry, which began to slacken in 1960, experienced a sharp decline in 1961 and shows little prospect in 1962 for recovery to the level required by the Seven Year Plan (1959-65). 2/ Nor is the outlook encouraging in the food industry, where a decline in the industrial production of the important commodity, meat, was reported for 1961. 3/ Industrial production of meat dropped to 96.5 percent of the previous year's production, and, by mid-1962, prices of meat were raised by an average of 30 percent. 4/ As a result, less meat now appears on the Soviet family table. Consumer displeasure with these developments has been widespread, particularly among urban residents, and some active (although limited) consumer protest has occurred in the form of dock strikes against exports of food and other consumer goods and in a reported uprising of more serious proportions in the Rostov area following the price increases. 5/

19 November 1962

CIA/RR CB 62-75

Page 2

C-O-N-F-I-D-E-N-T-I-A-L

C-O-N-F-I-D-E-N-T-I-A-L

Analyst:

Coord:



25X1A

Sources:

- 1. Narodnoye khozyaystvo SSSR v 1961 godu (National Economy of the USSR in 1961), p. 545. U.
- 2. CIA. CIA/RR CB 62-45, Decline in Growth Rate of Soviet Light Industry, 7 Aug 62. C.
- 3. Narodnoye khozyaystvo (1, above), p. 263.
- 4. Pravda, 1 Jun 62. U.
- 5. New York Times, 30 Sep 62. U.

Page 3

Control Staff

Control Sheet

GROUP 1 Excluded from automatic downgrading and declassification

Series Number CIA/RR CB 62-75 Date of Document 19 November 1962 Classification

Number of Copies

200

Copy No.	Rec	<u>cipient</u>	Date	Returned
101 - 142	Rec'd in St/P/C	Proceedings of the Control of the Co	20 Nov 62	and the contract regions, are some refer to the distinct of the contract of th
101	OC	_R 25X1A		Harry Comments of Comments of Comments of the
102		man nambanaya mek sana "kanadi 19 ke	21 10062	Constitution of the Consti
103		- And the second section of the section	The state of the s	annangan pangangan kanangan dan dan pangangan kanangan dan barangan dan barangan dan barangan dan barangan dan
104		White orderes continues -	I I	A STATE OF THE STA
105	L	ency and an extension of the contract of	25X1C ι (accus on all the second discrepancies released to the second discrete and the second discrete
106	77	magazini na nadiji bi na na milanii da na	A CONTRACTOR OF THE PROPERTY O	i Samusanistakan masanistakan makanistakan samusan minara minara minara minara minara minara minara minara minara
107	77	normalistation according to a confidence according to the		en er angeste med kelle men en kellen å saksad hell Tildhe 1900 i med så en til Missid (* * * * * * * i m
108	-	contactive received to a control of the	Proceeding to fine or processing and contraction of the second second contraction of the contraction of the second contrac	Control of the Contro
109			11	нетинистина с произветителни значанија и котила при при 1918 г. и 2017 г.
	v2.	ng quant in a stige stightfleeenshiright		and the second s
$\prod_{i,j}\prod_{j\in \mathcal{J}_{i}}\prod_{j\in \mathcal{J}_{$	•		<u> </u>	
112	w	a valent see Them is the second	NOTSENT	nnistati amerikan kalendiska diska diska an adapi er diska kalendisk i i
113 - 115		And the second section of the section of the second section of the section of the second section of the section of th	20 DT 62	
116 - 127	Filed in St/P/C	And it will be the the state of	20 Nov 62	ning) against ann an
128 - 142	Records Center		AND RESTRICTED AND THE PROPERTY OF THE PROPERT	05V4A
116-118	er en extende			25X1A
, with the first war and the contraction	realist of the		7/cc Theeler	
100	nage i amorphy	***	ALLI 9 hace	25X1A
on , and removed placehouse over commune	व्यक्तिकारी संबद्ध	*** 1		69 25×1K
1321		RRI	had been a second to the second of the secon	
123	en un		Imfome Thece	
a mangi sabah mengunapanengan resamber	St111R-	S/EE	14 Dec 6	2
115		TIIR	enter en enter en	Z3X1A
35	Received ho	ann ann an t-air ann an an t-air an t-air ann an t-air a	2 Llan 63	25X1A
 अ. १९४४ में अंतर मार्ग का अपने के अधिक का सम्बन्धि के अधिक के प्रिक्त के अधिक के अधिक के अधिक के अधि के अधिक के अधिक 	peccepta fur	- mali	le continue data 116	me3/8 pub3
e a come una del la Come de la co	IA Silian	- Company	CIN 18 Con 6	3
a asseria fa komasi manari manari manari 33	Resource to The	DANIR	28 Bu 163	25X1A
	Red from	Hes	117-663	en met speeder en gemeente de verscheine de verscheine de verscheine de verscheine de verscheine de verscheine The met speeder en gemeente de verscheine de verscheine de verscheine de verscheine de verscheine de verschein
	Charles Correr	. Coursel) of Economic	and the second s
	ersees & A	le brosi		⊘
302		msl	n sours	√ 25X1A
	260127 Ke	eards Cons	10 Janlo	#1
12	CLE for	O/ADI for	white House 6 to	25X1A
113 114 125	E.C.		11 Jan	61
, comen frontes. The transfer of infinite constitution of the long of the less was successful from	25X1A		A STANDARD WATER DESIGNATION OF A STANDARD PROPERTY OF THE STANDARD PRO	
 (1) (2) (2) (m. madaga pro invalida juga di na 20(2) (2) (2) (2) (2) (2) (2) (2) (2) (2)			то за и оставления придатить некорентирания примен и некорентуру и применя и применя применя применя на применя	net from the Colombia Company of the Colombia Co
Ani	proved For Release 2	000/06/07 - 014-1	RDP79T01003A00140005	60004-0
	CLEAN COLUMN COL			
				a de la companya de

please at som to

S-E-C-R-E-TSUBJECT: Approved For Releaser 2000/06/07 CIATROP 79 TO 1 603 A 661 400 650 661 -0 CAPITAL INVESTMENT IN CONSUMBE INDUSTRIES SHOWS 19 November 1802 "HARD DECLINE (Date) (Title) Recipient Copy No. 7E-32 HQ) $\overline{1}$ - $\overline{O/DDI}$ - Attn: 25X1A 2-3-NIC4-11 - OCI Internal D-I-S-T-R-I-B-U-T-E-D B-Y12-14 - ONE 15-20 - St/CS/RR 21-ODDI 25X1A O-C-I $22 - \overline{30} - NSA$ 25X1A 31 - NSAL 32-200- ORR/St/I/D Distribution 32 - AD/RR15- HE Binde 16- Monitor 17- Record Conter 33 - DAD/RR34 - Ch/E35 - St/PR36-40 - D/A (1 ea. br.)41-46 - D/MS (1 ea. br.)47-55 - D/R (1 ea. br; 3-R/FU) 56-63 - D/M (1 ea. br.)64-72 - D/I (1 ea. br; 2-I/TF) 73-75 - D/GG76-79 - St/I (1 ea. br.)80 - EIC/S81 - St/FM25X1A (M5/M) 82 - Analyst/Branch 83 - GR/CR84 - BR/CR85 - IR/CR86 - Library/CR 87 - IPI/CR 25X1A 88 - VMR 89 - AD/OO90 - Chief, FDD 91 - CD/OO92-94 - RID/AN Unit 4 95-97 - OSI98 - OBI 99 - OTR/IS/IP, GC-11 HQ100 - NPIC/REF, Rm. 502, Steuart Bldg. 101-142 - St/P/C143 - Commandant Nat'l War College, Ft. Leslie McNair, Attn: Classified Records Sect., Rm. 26, Nat'l War College Bidg. Wash. 25, D.C. 144-154 - ACSI/Army, R. 1D479, Pentagon 155-168 - Navy, Director ONI, Rm. 5B659, Pentagon 169-178 - HQ. USAF, Attn: AFCIN-3D1, Rm. 4B137, Pentagon 25X1A 179-180 - Asst. Secretary of Defense, ISA, Rm. 3D220, Pentagon 181-184 - USIA, Attn: W. Phelps, IRR/D, Rm. 701, Walker Johnson Bldg. 1734 New York Ave., N. W. 185-196 - State, INR, Communications Center, Rm. 7818, State Dept. Bldg. 197-198 - DIA, Services Division, Publications Sec. Rm. 3000, Pentagon 199-200 - Dr. Neilson Debevoise, NSC, Rm. 365, Executive/Office Bldg. 2C230 25X1A

Chief, Current Support Staff
Pele 8812000/06/07 in Chief, Current Support Staff
S-E-C-R-E-T

RR/St/CS